

2008 MICHIGAN Historic Preservation Tax Credit

Issued under authority of Public Act 281 of 1967 and Public Act 36 of 2007.

INDIVIDUAL INCOME TAX AND FIDUCIARY FILERS ONLY. Attach to Form MI-1040 or MI-1041.

Filer's First Name, Middle Initial and Last Name or Business Name	Filer's Social Security Number or FEIN/TR Number
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MICHIGAN BUSINESS TAX FILERS ONLY. Attach to Form 4567, 4588 or 4590.

Taxpayer Name (If Unitary Business Group, Name of Designated Member)	Federal Employer Identification Number (FEIN) or TR Number
Unitary Business Groups: Name of Unitary Business Group Member Reporting on This Form	Federal Employer Identification Number (FEIN) or TR Number

ALL FILERS

1. Project Number (if multiple projects, see instructions)

1.

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2. **State Equalized Value (SEV).** Enter the SEV of the resource

2.

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3. **Qualified Expenditures.** Enter the qualified expenditures for the rehabilitation of the historic resource.....

3.

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4. Multiply line 3 by 25% (0.25)

4.

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5. Enter the total amount of credit claimed on U.S. *Form 3468*.....

5.

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6. Current year Historic Preservation Tax Credit. Subtract line 5 from line 4

6.

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7. Enter assigned credit (see instructions)

7.

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8. Carryover Historic Preservation Tax Credit from 2007 (individual income tax and fiduciary filers only).....

8.

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9. **Historic Preservation Tax Credit.** Add lines 6, 7, and 8

9.

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Michigan Business Tax filers - Carry the amount from line 9 to Form 4573, line 16, or Form 4596, line 17.

Individual Income Tax filers - Carry the amount from line 9 to Schedule 2, line 6a.

Fiduciary Income Tax filers - Carry the amount from line 9 to Form MI-1041, line 19a.

TAX LIABILITY LIMITATION

INDIVIDUAL INCOME TAX AND FIDUCIARY FILERS ONLY

10. Complete the worksheet below to determine the amount of credit needed to offset the current tax liability.
Credit, in excess of the current liability, can be carried forward for up to ten years to offset a future liability.

a. Tax from your 2008 Form MI-1040, line 17, or 2008 Form MI-1041, line 13

10a.

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b. Total nonrefundable credits from your 2008 Schedule 2, lines 1b, 2b, 3b, 4b, 5b and 7,
or 2008 Form MI-1041, lines 14b, 15b, 16b, 17b and 18b

10b.

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c. Subtract line 10b from line 10a. If less than zero, enter zero

10c.

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d. Enter the amount from line 9 above

10d.

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e. **Historic Preservation Tax Credit.** Enter the lesser of line 10c or 10d. Carry the amount from
line 10e to your 2008 Schedule 2, line 6b, or to your 2008 Form MI-1041, line 19b

10e.

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f. Carryover to 2009. If line 10c is smaller than 10d, subtract 10c from 10d.
This is the amount you may carry forward.....

10f.

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Instructions for Form 3581

Michigan Historic Preservation Tax Credit

Purpose

To allow the eligible taxpayer to claim the Michigan Historic Preservation Tax Credit. The credit is calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568), the *Individual Income Tax Schedule 2 Nonrefundable Credits*, or the *Fiduciary Income Tax Return* (Form MI-1041).

What Is the Historic Preservation Tax Credit?

The Michigan Historic Preservation Tax Credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic commercial and residential resources located in the State of Michigan.

The Michigan Historic Preservation Tax Credit is a nonrefundable credit. However, if the credit exceeds the taxpayer's tax liability, the balance of the credit may be carried forward up to ten years.

The credit must be claimed in the year that the certification of completed rehabilitation of the historic resource was issued. For projects for which a preapproval letter was issued prior to January 1, 2009, the certification of completed rehabilitation must have been issued within five years after the rehabilitation plan was certified by the Michigan Historical Center.

For projects for which a preapproval letter was issued after December 31, 2008, only those expenditures that are paid or incurred during the time periods prescribed for the credit under Internal Revenue Code (IRC) 47(a)(2) and any related U.S. Treasury regulations will be considered qualified expenditures.

Preapproval letter means a letter issued by the director of the Department of History, Arts, and Libraries or his or her designee that indicates the date that the complete Historic Preservation Certification Application, Part 2, Description of Rehabilitation, was received and the amount of the credit allocated to the project based on the estimated rehabilitation cost included in the application.

Taxpayers may receive a Michigan credit equal to 25 percent of their qualified expenditures. For taxpayers eligible for the federal Rehabilitation Credit under IRC 47(a)(2), the Michigan credit is 25 percent of the qualified expenditures less the amount of the federal credit claimed.

NOTE: If the resource is sold or the certification of completed rehabilitation is revoked less than five years after the credit is claimed, a percentage of the credit will be subject to recapture. If the credit has been assigned, the recapture is the responsibility of the assignor.

Eligibility

The Michigan Historic Preservation Tax Credit is available to eligible assignees, owners or long-term lessees of qualified historic resources who undertake rehabilitation projects that are certified by the State Historic Preservation Office (SHPO), Michigan Historical Center.

Property owners undertaking rehabilitation projects on depreciable properties that qualify for the federal Rehabilitation Credit must first apply for the federal credit.

Qualified Expenditures

Qualified expenditures are capital expenditures that would qualify under IRC 47(a)(2) except that the expenditures were made for a non-qualifying historic resource under the IRC. A taxpayer with qualified expenditures eligible for the federal credit must claim and receive the federal tax credit to qualify for the Michigan credit. For projects for which a preapproval letter was issued prior to January 1, 2009, the expenditures for the rehabilitation of a historic resource must be paid not more than five years after the certification of the rehabilitation plan. For projects for which a preapproval letter was issued after December 31, 2008, only those expenditures that are paid or incurred during the time periods prescribed for the credit under IRC 47(a)(2) and any related U.S. Treasury regulations will be considered qualified expenditures.

The amount of the qualified expenditures must be equal to or greater than 10 percent of the State Equalized Value (SEV) of the rehabilitated property. If the historic resource to be rehabilitated is part of a historic or non-historic resource, only the SEV for that portion which is historic can be used. If the SEV has not been determined for the historic portion, or the historic resource to be rehabilitated does not have an SEV, the total qualified expenditures must be equal to or greater than 5 percent of the resource's appraised value.

Special Instructions for Unitary Business Groups

An entity reporting an Historic Preservation Tax Credit as a member of a Unitary Business Group (UBG) must calculate the credit at the member entity level. The credit may then be applied to the tax liability of the UBG.

Attach this form to the unitary return. If there are multiple historic credits issued under separate account numbers, attach multiple forms to the UBG return.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for each member for whom this schedule applies. Enter the Designated Member (DM) name in the Taxpayer Name field and the specific member of the UBG for which this form is filed on the line below.

If a portion of the credit was assigned to another taxpayer, leave lines 1 through 6 blank.

Line 1: Enter the project number assigned by the SHPO.

If multiple projects, leave lines 1 and 2 blank and attach a separate list that includes the project number, property name, SEV, and qualified expenditures for each project.

Line 3: If multiple projects, enter the total qualified expenditures for all projects. For projects for which a preapproval letter was issued prior to January 1, 2009, the expenditures for the rehabilitation of a historic resource must be paid not more than five years after the certification of the rehabilitation plan. For projects for which a preapproval letter was issued after December 31, 2008, only those expenditures that are paid or incurred during the time periods prescribed for the credit under IRC 47(a)(2) and any related U.S. Treasury regulations will be considered qualified expenditures.

Line 5: If eligible, claim the federal Rehabilitation Credit on *Investment Credit* (U.S. Form 3468). Enter the amount from U.S. Form 3468 attributable to Michigan expenditures.

Line 7: If assigned the Michigan Historic Preservation Tax Credit, enter the amount of the assigned credit from the letter provided by the assignor.

If a portion of this credit was previously assigned to another person, enter the amount of the retained credit from the *Michigan Historic Preservation Tax Credit Assignment* (Form 3614), line 13a, column E.

Line 9: UBGs completing more than one Form 3581 should add line 9 from each member's Form 3581 and enter the sum on the *MBT Miscellaneous Nonrefundable Credits* (Form 4573), line 16, or the *MBT Miscellaneous Credits for Insurance Companies* (Form 4596), line 17.

Line 10: Individual and Fiduciary Income Tax filers, calculate the amount of Historic Preservation Tax Credit needed to offset the taxpayer's tax liability. Carry the amount from line 10e to the taxpayer's *2008 Michigan Schedule 2 Nonrefundable Credits*, line 6b, or to the taxpayer's Form MI-1041, line 19b. Credit in excess of the tax liability may be used in subsequent years, not to exceed ten years.

Attachments

To claim credit, attach the forms listed below to the taxpayer's *Michigan Individual Income Tax Return* (Form MI-1040), Form MI-1041, *Michigan Business Tax Annual Return* (Form 4567), *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588), or Form 4590.

- Form 3581
- Historic Preservation Certification Application, Part 1 Evaluation of Eligibility signed and dated
- Historic Preservation Certification Application Part 3, Request for Certification of Completed Work, signed and dated
- Copy of "Michigan Verification of Taxable Credit Eligibility," if applicable
- A detailed list of qualified expenditures and dates paid.

Each assignee must attach a copy of the letter the assignor received from the Michigan Department of Treasury and a completed Form 3581 with any required attachments to their Form MI-1040, Form MI-1041, Form 4567, Form 4588, or Form 4590. A Partnership, Limited Liability Company (LLC), or S Corporation that is retaining a portion of the credit must attach the information listed above to claim the credit on their portion.

Where to Get Treasury Forms

- Michigan Department of Treasury Web site at: **www.michigan.gov/treasuryforms**.
- Call toll-free 1-800-827-4000 to have tax forms mailed to you.

Questions

For questions regarding the tax credit, contact the Michigan Department of Treasury:

- Individual Income Tax: 1-800-827-4000
- Michigan Business Tax: (517) 636-4657

For questions regarding federal and State certification, contact the SHPO, Michigan Historical Center, at (517) 373-1630.

Additional Information

State Historic Preservation Office:

www.michigan.gov/shpo

Federal Historic Preservation Tax Incentives:

www.nps.gov/history